

## CONFIRMATION OF RESPONSIBLE PERSONS

November 28, 2014 Vilnius

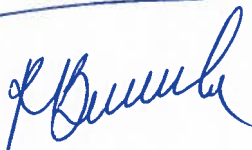
Referring to the provisions of the Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Bank of Lithuania, we, the undersigned Daivis Virbickas, Chief Executive Officer, Rimantas Busila, Director of Finance Department and Svetlana Sokolskytė, Chief Financier-Accounting Division Manager of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached unaudited interim consolidated financial information of LITGRID AB for the nine months period ended 30 September 2014 is prepared in accordance with the International Financial Reporting Standards adopted by the European Union, give a true and fair view of the LITGRID AB and consolidated group assets, liabilities, financial position, profit (losses) and cash flows for the relevant period.

Daivis Virbickas



Chief Executive Officer

Rimantas Busila



Director of Finance Department

Svetlana Sokolskytė



Chief Financier

Company code  
VAT number  
Address  
Phone  
Fax  
E-mail  
Site  
Register of legal entities  
administered by the state enterprise

302564383  
LT 100005748413  
A. Juozapavičiaus str. 13, LT-09311, Vilnius, Lithuania  
+370 5 278 2777  
+370 5 272 3986  
info@litgrid.eu  
www.litgrid.eu  
Registru Centras

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Litgrid AB



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## LITGRID AB

CONSOLIDATED AND THE COMPANY'S CONDENSED INTERIM  
FINANCIAL INFORMATION FOR A NINE-MONTH PERIOD  
ENDED 30 SEPTEMBER 2014, PREPARED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED  
BY THE EUROPEAN UNION

	<b>PAGE</b>
<b>CONDENSED INTERIM FINANCIAL INFORMATION</b>	
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	3
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	4
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
CONDENSED INTERIM STATEMENT OF CASH FLOWS	7
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	8

The condensed interim financial information was signed on 28 November 2014.



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Dainis Virbickas  
Chief executive officer



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Rimantas Busila  
Director of the Finance Department



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Svetlana Sokolskytė  
Chief Financier

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

(All amounts in LTL thousands unless otherwise stated)

		Group As at 30 September 2014	Company As at 30 September 2014	Group As at 31 December 2013	Company As at 31 December 2013
<b>ASSETS</b>					
<b>Non-current assets</b>					
		3,541	3,431	2,365	2,176
		1,989,071	1,986,367	1,975,211	1,972,208
	4	217,282	217,282	184,443	184,438
		-	16,012	-	15,494
	5	6,861	6,156	15,922	15,320
		295	-	324	-
		7,723	7,723	7,723	7,723
		<b>2,224,773</b>	<b>2,236,971</b>	<b>2,185,988</b>	<b>2,197,359</b>
<b>Total non-current assets</b>					
<b>Current assets</b>					
		11,712	3,431	8,844	3,522
		1,715	1,151	591	455
		52,901	39,863	65,447	53,296
		142,386	38,323	114,155	36,607
		10,206	5,838	21,262	4,835
	6	40,000	40,000	-	-
	7	55,000	55,000	70,000	70,000
		75,229	74,473	81,562	80,751
		<b>389,149</b>	<b>258,079</b>	<b>361,861</b>	<b>249,466</b>
		<b>2,613,922</b>	<b>2,495,050</b>	<b>2,547,849</b>	<b>2,446,825</b>
<b>TOTAL ASSETS</b>					
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
		504,331	504,331	504,331	504,331
		29,621	29,621	29,621	29,621
		212,175	211,839	226,173	225,811
		50,441	50,433	50,467	50,433
		591,654	591,654	654,654	654,654
		(6,798)	2,776	43,034	50,755
		<b>1,381,424</b>	<b>1,390,654</b>	<b>1,508,280</b>	<b>1,515,605</b>
		<b>214</b>	<b>-</b>	<b>259</b>	<b>-</b>
		<b>1,381,638</b>	<b>1,390,654</b>	<b>1,508,539</b>	<b>1,515,605</b>
<b>Total equity</b>					
<b>Non-current liabilities :</b>					
	8	504,695	504,695	423,955	423,955
	9	295,560	295,560	165,044	165,044
		12,602	12,602	13,274	13,274
		717	602	717	602
		140,819	140,819	150,828	150,828
		<b>954,393</b>	<b>954,278</b>	<b>753,818</b>	<b>753,703</b>
<b>Total non-current liabilities</b>					
<b>Current liabilities</b>					
	9	28,313	28,313	49,030	49,030
	9	38,843	-	7,449	-
		86,922	78,506	78,616	75,422
		10,077	5,439	4,889	4,116
		-	-	8,368	8,368
		113,736	37,860	137,140	40,581
		<b>277,891</b>	<b>150,118</b>	<b>285,492</b>	<b>177,517</b>
		<b>1,232,284</b>	<b>1,104,396</b>	<b>1,039,310</b>	<b>931,220</b>
		<b>2,613,922</b>	<b>2,495,050</b>	<b>2,547,849</b>	<b>2,446,825</b>
<b>TOTAL EQUITY AND LIABILITIES</b>					

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014  
(All amounts in LTL thousands unless otherwise stated)

	Notes	Group January- September 2014	Company January- September 2014	Group January- September 2013	Company January- September 2013
<b>Revenue</b>					
Sales of electricity and related services	10	265,209	264,691	384,425	384,045
Other revenue		35,443	5,017	35,616	5,065
<b>Total revenue</b>		<b>300,652</b>	<b>269,708</b>	<b>420,041</b>	<b>389,110</b>
<b>Operating expenses</b>					
Purchase of electricity and related services		(127,284)	(127,284)	(207,662)	(207,720)
Depreciation and amortisation	4	(102,797)	(101,794)	(98,407)	(97,341)
Wages and salaries and related expenses		(27,148)	(13,677)	(25,434)	(12,868)
Repair and maintenance expenses		(12,633)	(16,681)	(9,361)	(15,270)
Telecommunications and IT systems expenses		(9,621)	(9,157)	(10,154)	(9,668)
Write-off of property, plant and equipment		(1,119)	(1,117)	(4,149)	(4,142)
Other expenses		(33,353)	(11,276)	(33,433)	(9,272)
<b>Total operating expenses</b>		<b>(313,955)</b>	<b>(280,986)</b>	<b>(388,600)</b>	<b>(356,281)</b>
<b>OPERATING PROFIT (LOSS)</b>	10	<b>(13,303)</b>	<b>(11,278)</b>	<b>31,441</b>	<b>32,829</b>
Gain from sale of an associate	5	-	-	2,403	3,293
Finance income		1,280	1,275	247	241
Finance costs		(2,514)	(2,378)	(215)	(124)
<b>Finance income, net</b>		<b>(1,234)</b>	<b>(1,103)</b>	<b>2,435</b>	<b>3,410</b>
Share of profit/(loss) of associates and jointly controlled entities		103	-	616	-
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>(14,434)</b>	<b>(12,381)</b>	<b>34,492</b>	<b>36,239</b>
Current year income tax expense		(9,761)	(9,761)	(14,919)	(14,898)
Deferred tax income (expense)		9,980	10,009	9,676	9,484
		<b>219</b>	<b>248</b>	<b>(5,243)</b>	<b>(5,414)</b>
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>(14,215)</b>	<b>(12,133)</b>	<b>29,249</b>	<b>30,825</b>
Other comprehensive income		-	-	-	-
<b>COMPREHENSIVE INCOME (LOSS)</b>		<b>(14,215)</b>	<b>(12,133)</b>	<b>29,249</b>	<b>30,825</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO :</b>					
Owners of the Company		(14,038)	(12,133)	29,449	30,825
Non-controlling interest		(177)	-	(200)	-
		<b>(14,215)</b>	<b>(12,133)</b>	<b>29,249</b>	<b>30,825</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		(14,038)	(12,133)	29,449	30,825
Non-controlling interest		(177)	-	(200)	-
		<b>(14,215)</b>	<b>(12,133)</b>	<b>29,249</b>	<b>30,825</b>
<b>Basic and diluted earnings (deficit) per share (in LTL)</b>	12	<b>-0.028</b>	-	<b>0.058</b>	-

The accompanying notes are an integral part of these financial statements.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME  
FOR A THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2014

(All amounts in LTL thousands unless otherwise stated)

Notes	Group July- September 2014	Company July- September 2014	Group July- September 2013	Company July- September 2013
<b>Revenue</b>				
Sales of electricity and related services	83,213	82,986	160,541	160,411
Other revenue	15,592	2,088	14,169	1,693
<b>Total revenue</b>	<b>98,805</b>	<b>85,074</b>	<b>174,710</b>	<b>162,104</b>
<b>Operating expenses</b>				
Purchase of electricity and related services	(41,253)	(41,253)	(110,707)	(110,707)
Depreciation and amortisation	(31,018)	(30,666)	(32,736)	(32,374)
Wages and salaries and related expenses	(9,076)	(4,351)	(8,492)	(4,189)
Repair and maintenance expenses	(4,557)	(6,042)	(4,164)	(6,440)
Telecommunications and IT systems expenses	(3,338)	(3,193)	(3,044)	(2,892)
Write-off of property, plant and equipment	(4)	(3)	(204)	(197)
Other expenses	(14,067)	(4,071)	(11,648)	(2,740)
<b>Total operating expenses</b>	<b>(103,313)</b>	<b>(89,579)</b>	<b>(170,995)</b>	<b>(159,539)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>(4,508)</b>	<b>(4,505)</b>	<b>3,715</b>	<b>2,565</b>
Gain from sale of an associate	-	-	-	-
Finance income	263	261	146	145
Finance costs	(981)	(924)	(160)	(118)
<b>Finance income, net</b>	<b>(718)</b>	<b>(663)</b>	<b>(14)</b>	<b>27</b>
Share of profit/(loss) of associates and jointly controlled entities	2	-	(59)	-
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>(5,224)</b>	<b>(5,168)</b>	<b>3,642</b>	<b>2,592</b>
Current year income tax expense	(2,598)	(2,598)	(3,381)	(3,381)
Deferred tax income (expense)	2,760	2,787	2,527	2,705
	<b>162</b>	<b>189</b>	<b>(854)</b>	<b>(676)</b>
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>(5,062)</b>	<b>(4,979)</b>	<b>2,788</b>	<b>1,916</b>
Other comprehensive income	-	-	-	-
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>(5,062)</b>	<b>(4,979)</b>	<b>2,788</b>	<b>1,916</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO :</b>				
Owners of the Company	(5,005)	(4,979)	2,860	1,916
Non-controlling interest	(57)	-	(72)	-
	<b>(5,062)</b>	<b>(4,979)</b>	<b>2,788</b>	<b>1,916</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	(5,005)	(4,979)	2,860	1,916
Non-controlling interest	(57)	-	(72)	-
	<b>(5,062)</b>	<b>(4,979)</b>	<b>2,788</b>	<b>1,916</b>
<b>Basic and diluted earnings (deficit) per share (in LTL)</b>	<b>-0.010</b>	<b>-</b>	<b>0.006</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014  
(All amounts in LTL thousands unless otherwise stated)

Group	Note	Equity attributable to owners of the Company							Non-controlling interest	Total equity
		Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total		
<b>Balance at 1 January 2013</b>		<b>504,331</b>	<b>29,621</b>	<b>246,582</b>	<b>50,464</b>	<b>654,738</b>	<b>44,742</b>	<b>1,530,478</b>	<b>4,390</b>	<b>1,534,868</b>
<b>Comprehensive income</b>										
Net profit (loss)		-	-	-	-	-	29,449	29,449	(200)	29,249
Depreciation of revaluation reserve and amounts written off		-	-	(15,324)	-	-	15,324	-	-	-
<b>Total comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>(15,324)</b>	<b>-</b>	<b>-</b>	<b>44,773</b>	<b>29,449</b>	<b>(200)</b>	<b>29,249</b>
Transfers to retained earnings		-	-	-	-	(126)	126	-	-	-
Transfers to reserves		-	-	-	3	42	(45)	-	-	-
Dividends		-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Change in ownership interest in subsidiary		-	-	154	-	-	(3,021)	(2,867)	(3,885)	(6,752)
<b>Balance at 30 September 2013 (unaudited)</b>		<b>504,331</b>	<b>29,621</b>	<b>231,412</b>	<b>50,467</b>	<b>654,654</b>	<b>41,575</b>	<b>1,512,060</b>	<b>305</b>	<b>1,512,365</b>
<b>Balance at 1 January 2014</b>		<b>504,331</b>	<b>29,621</b>	<b>226,173</b>	<b>50,467</b>	<b>654,654</b>	<b>43,034</b>	<b>1,508,280</b>	<b>259</b>	<b>1,508,539</b>
<b>Comprehensive income</b>										
Net profit (loss)		-	-	-	-	-	(14,038)	(14,038)	(177)	(14,215)
Depreciation of revaluation reserve and amounts written off		-	-	(13,998)	-	-	13,998	-	-	-
<b>Total comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>(13,998)</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>(14,038)</b>	<b>(177)</b>	<b>(14,215)</b>
Transfers to retained earnings		-	-	-	(26)	(63,000)	63,026	-	-	-
Transfers to reserves		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	(112,818)	(112,818)	-	(112,818)
Change in ownership interest in subsidiary		-	-	-	-	-	-	-	132	132
<b>Balance at 30 September 2014 (unaudited)</b>		<b>504,331</b>	<b>29,621</b>	<b>212,175</b>	<b>50,441</b>	<b>591,654</b>	<b>(6,798)</b>	<b>1,381,424</b>	<b>214</b>	<b>1,381,638</b>

Company	Share capital	Share premium	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2013</b>	<b>504,331</b>	<b>29,621</b>	<b>246,339</b>	<b>50,433</b>	<b>654,654</b>	<b>47,160</b>	<b>1,532,538</b>
<b>Comprehensive income</b>							
Net profit (loss)	-	-	-	-	-	30,825	30,825
Depreciation of revaluation reserve and amounts written off	-	-	(15,297)	-	-	15,297	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>(15,297)</b>	<b>-</b>	<b>-</b>	<b>46,122</b>	<b>30,825</b>
Dividends	-	-	-	-	-	(45,000)	(45,000)
<b>Balance at 30 September 2013 (unaudited)</b>	<b>504,331</b>	<b>29,621</b>	<b>231,042</b>	<b>50,433</b>	<b>654,654</b>	<b>48,282</b>	<b>1,518,363</b>
<b>Balance at 1 January 2014</b>	<b>504,331</b>	<b>29,621</b>	<b>225,811</b>	<b>50,433</b>	<b>654,654</b>	<b>50,755</b>	<b>1,515,605</b>
<b>Comprehensive income</b>							
Net profit (loss)	-	-	-	-	-	(12,133)	(12,133)
Depreciation of revaluation reserve and amounts written off	-	-	(13,972)	-	-	13,972	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>(13,972)</b>	<b>-</b>	<b>-</b>	<b>1,839</b>	<b>(12,133)</b>
Transfers to retained earnings	-	-	-	-	(63,000)	63,000	-
Dividends	-	-	-	-	-	(112,818)	(112,818)
<b>Balance at 30 September 2014 (unaudited)</b>	<b>504,331</b>	<b>29,621</b>	<b>211,839</b>	<b>50,433</b>	<b>591,654</b>	<b>2,776</b>	<b>1,390,654</b>

The accompanying notes are an integral part of these financial statements.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014  
(All amounts in LTL thousands unless otherwise stated)

	Notes	Group January- September 2014	Company January- September 2014	Group January- September 2013	Company January- September 2013
<b>Cash flows from operating activities</b>					
Net profit (loss)		(14,215)	(12,133)	29,249	30,825
<b>Reversal of non-monetary expenses (income) and other adjustments</b>					
Depreciation and amortization expense	4	105,175	104,172	99,687	98,623
Impairment of property, plant and equipment		-	-	28	28
Share of profit/(loss) of associates and jointly controlled entities		(103)	-	(616)	-
(Gain) on disposal of associate	5	-	-	(2,405)	(3,294)
Income tax expense/(income)		(219)	(248)	5,243	5,414
Amortization of grants	8	(2,380)	(2,380)	(1,281)	(1,281)
Loss on write-off of property, plant and equipment	4	1,123	1,117	4,149	4,142
Elimination of results of financing and investing activities:					
Interest income		(580)	(575)	(988)	(985)
Interest expenses		1,821	1,685	1,519	1,431
Other financial assets		11,056	(1,003)	55,905	57,040
<b>Changes in working capital</b>					
(Increase) decrease in trade receivables and other receivables		(24,181)	3,222	(64,419)	19,050
(Increase) decrease in inventories and prepayments		(3,909)	(522)	3,241	(753)
Increase (decrease) in accounts payable, grants and advance amounts received		(16,311)	(4,683)	1,901	(77,253)
Income tax paid		(9,652)	(9,653)	(8,468)	(8,136)
<b>Net cash generated from operating activities</b>		<b>47,625</b>	<b>78,999</b>	<b>122,745</b>	<b>124,851</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(146,177)	(145,583)	(99,589)	(98,705)
Disposal of property, plant and equipment and intangible assets	5	5	5	-	-
Grants received	8	80,795	80,795	92,144	92,144
Investments in time deposits		(40,000)	(40,000)	-	-
(Purchase)/Disposal of held-to-maturity investments		15,000	15,000	(70,000)	(70,000)
Purchase of subsidiary(associate)		-	(518)	-	-
Disposal of subsidiary(associate)		9,164	9,164	1,273	1,273
Interest received		600	595	1,086	1,083
Dividends received		517	517	-	-
Other		262	137	(54)	(45)
<b>Net cash used in investing activities</b>		<b>(79,834)</b>	<b>(79,888)</b>	<b>(75,140)</b>	<b>(74,250)</b>
<b>Cash flows from financing activities</b>					
Received loans		138,112	138,112	13,811	13,811
(Repayment) of loans		(28,313)	(28,313)	(20,717)	(20,717)
Overdraft		31,394	-	2,691	-
Interest paid		(2,469)	(2,340)	(1,465)	(1,386)
Dividends paid		(112,848)	(112,848)	(44,916)	(44,916)
<b>Net cash (used in)/generated from financing activities</b>		<b>25,876</b>	<b>(5,389)</b>	<b>(50,596)</b>	<b>(53,208)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(6,333)</b>	<b>(6,278)</b>	<b>(2,991)</b>	<b>(2,607)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>81,562</b>	<b>80,751</b>	<b>127,387</b>	<b>126,097</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>75,229</b>	<b>74,473</b>	<b>124,396</b>	<b>123,490</b>

The accompanying notes are an integral part of these financial statements.



## 1. General information

LITGRID AB is a public company registered in the Republic of Lithuania. The address of its registered office is: A. Juozapavičiaus g. 13, LT-09311, Vilnius, Lithuania. LITGRID AB (hereinafter LITGRID or "the Company") is a limited liability profit-making entity established as a result of spin-off of Lietuvos Energija AB operations based the decision of the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB dated 28 October 2010 which was passed to approve the spin-off of Lietuvos Energija AB. The Company was registered with the Register of Legal Entities managed by the public institution Registrų Centras on 16 November 2010. The Company's code is 302564383; VAT payer's code is LT100005748413.

LITGRID is an operator of electricity transmission system operating electricity transmissions in the territory of Lithuania and ensuring the stability of operation of the whole electric power system. In addition, the Company is responsible for the integration and development of the Lithuanian electricity market, as well as for the maintenance and development of electricity transmission network – the strategic projects for electricity interconnections with Sweden and Poland that will ensure the country's energetic independence.

The principal objectives of the Company's activities include ensuring the stability and reliability of electric power system in the territory of Lithuania within its areas of competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management, use and disposal of electricity transmission system assets and its appurtenances, management of companies owing electricity interconnections with other countries or those that develop, manage, use or dispose them.

On 24 February 2011, the Company was granted a license of the electricity transmission system operator by the National Control Commission for Prices and Energy (the Commission), the validity of which commenced 1 March 2011. With its resolution No O3-325 of 27 August 2013 the Commission stated that unbundling of the Company's transmission operations from electricity generation and supply companies is in compliance with the provisions of the Law on Electricity of the republic of Lithuania and the Company may be appointed as transmission system operator. Consequently, a transmission system operator license of unlimited duration was granted to the Company.

Under Resolution No. 1338 of 7 November 2012 of the Lithuanian Government BALTPPOOL UAB was assigned with the responsibility to carry out the function of the administrator of PSO (public service obligation) services in the electricity sector. Following the provisions of the mentioned resolution, Company ceases its activities as an PSO services administrator with effect from 1 January 2013, however, the Company collects the PSO funds from entities connected to the power transmission grid and transfers them to BALTPPOOL UAB - the administrator of PSO funds according to Resolution of the Government of the Republic of Lithuania No 1157 of 19 September 2012 "Procedure for the Administration of the Public Interest Service Funds in the Power Sector".

As at 30 September 2014 and 31 December 2013, the authorised share capital of the Company amounted to LTL 504,331,380 and was divided into 504,331,380 ordinary registered shares with par value of LTL 1 each. All shares are fully paid.

As at 30 September 2014 and 31 December 2013, the Company's shareholders were as follows:

	Ownership interest (in LTL)	Number of shares held (%)
UAB „EPSO-G“	491,736,153	97.5
Other shareholders	12,595,227	2.5
<b>Total</b>	<b>504,331,380</b>	<b>100</b>

The ultimate controlling party of UAB „EPSO-G“ is the Ministry of Energy of the Republic of Lithuania.

The shares of the Company are listed on the NASDAQ OMX Vilnius Stock Exchange.

As of the date of these financial information the Group included LITGRID and its directly controlled subsidiaries, which are listed below.

Company	Address of the company's registered office	The Group's shareholding at 30 September 2014	The Group's shareholding at 31 December 2013	Profile of activities
BALTPPOOL UAB	A. Juozapavičiaus g. 13, Vilnius, Lithuania	67%	67%	Electricity market operator and natural gas, supporting instruments as well as biofuel market operator, PSO funds administrator
TETAS UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100%	100%	Transformer substation, distribution station design, construction, repair and maintenance services
UAB Tinklo priežiūros centras	A. Juozapavičiaus g. 13, Vilnius, Lithuania	100%	-	Management and operation of power links

The structure of the Group's investments in the associates and the jointly controlled entity as at 30 September 2014 and 31 December 2013 was as follows:

Company	Address of the company's registered office	The Group's shareholding at 30 September 2014	The Group's shareholding at 31 December 2013	Profile of activities
UAB "Duomenų logistikos centras"	Žvejų g. 14, Vilnius, Lietuva	20 %	20%	IT services
LitPol Link Sp.z.o.o	Wojciecha Gorskiego 900-033 Warsaw, Poland	50 %	50%	Designing of electricity transmission interconnection facilities

As at 30 September 2014, the Group had 707 employees (31 December 2013: 670 employees), whereas at 30 September 2014 the Company had 226 employees (31 December 2013: 222 employees).

## 2. Basis of preparation

This Company's and consolidated Group's condensed interim financial information as of 30 September 2014 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) 34, 'Interim financial reporting').

This condensed interim financial information should be read together with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS as adopted by the EU.

These financial statements have been prepared on a historical cost basis, except for property, plant and equipment which is recorded at revalued amount, less accumulated depreciation and estimated impairment loss, and available-for-sale financial assets which are carried at fair value.

These financial statements for the period ended 30 September 2014 are not audited.

The financial year of the Company and other Group companies coincides with the calendar year.

## 3. Accounting policies

The accounting policies and calculation methods applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2013.

### 3.1. New standards, amendments and interpretations

There are no new standards, amendments and interpretations that are mandatory for the Company and the Group with effect from 2014, and that have a significant impact on the Company's and the Group's financial information.

### 3.2. Critical accounting estimates and uncertainties

The preparation of interim financial information in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and contingencies. The main areas where accounting estimates were used are described below:

#### Impairment of property, plant and equipment

According to the IAS 36, the recoverable value of the asset is the higher from the fair value (less cost to sell) and the value-in-use. It is important to note, that there is no possibility to estimate the fair value for the vast majority of the Company's infrastructural asset units. According to the IAS 36, in such case, the recoverable value of the asset is estimated by calculating its value-in-use. The latter is calculated by discounting the future cash flows that would be generated by the asset. The price regulation mechanism for the Company's services that is legally determined by the Commission has a very huge influence for the assessment of the indicators of possible infrastructural assets impairment.

It is important to note that the reliable value-in-use may be calculated as long the regulation is stable and predictable. However, in recent years, the price cap calculation principles were changed frequently (until 2010, the price caps of transmission services were determined according to the value of the assets that is used in the service provider's operations and is set according to the service provider's financial statements; from 2010 the determination of the price caps for electricity transmission services is to include the value of assets used in licensed activities of the service provider, which is equal to the net book value (carrying amount) of property, plant and equipment as at 31 December 2002 as increased by the amount of capital expenditures implemented and agreed with the Commission and reduced by the depreciation amount calculated pursuant to the procedure stipulated in the Lithuanian Law on Corporate Income Tax. On 12 April 2012 the Commission initiated the development of LRAIC (Long Run Average Incremental Costs) method for the determination of the price caps of transmission services. This method had to be used for the determination of the price caps of transmission services from the beginning of the next regulatory period (2015), but with Resolution No O3-817 passed on 30 September 2014 Commission has extended current electricity transmission service regulation period. It is planned, that LRAIC method will be used from 2016.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014  
(All amounts in LTL thousands unless otherwise stated)

It should be noted that determining the value-in-use of the assets is mostly influenced by the assumptions of transmission service tariffs in the future periods. In case the Company valued the assets assuming that the price cap determination process will remain the same, it is possible that estimated value-in-use of the assets might significantly differ from the carrying amount of the assets. The Company intends to perform value in use calculation and potential estimation of impairment of property, plant and equipment by the end of 2014.

#### 4. Property, plant and equipment

Group	Construction in progress						Total
	Land	Buildings	Plant and machinery	Motor vehicles	Other PP&E	Construction in progress	
<b>Net book amount at 31 December 2012</b>							
Opening net book amount	1,961	34,726	1,773,601	1,182	42,243	124,665	1,978,378
Additions	-	-	3	21	669	79,690	80,383
Write-offs	-	(15)	(4,431)	-	(2)	-	(4,448)
Reclassification to intangible assets	-	-	-	-	-	(28)	(28)
Reclassification between categories	-	112	15,164	-	1,712	(16,988)	-
Depreciation charge	-	(1,660)	(91,812)	(372)	(5,468)	8	(99,304)
<b>Net book amount at 30 September 2013</b>	<b>1,961</b>	<b>33,163</b>	<b>1,692,525</b>	<b>831</b>	<b>39,154</b>	<b>187,347</b>	<b>1,954,981</b>

<b>Net book amount at 31 December 2013</b>							
Opening net book amount	1,961	32,721	1,696,898	710	40,922	201,999	1,975,211
Additions	-	-	409	125	2,784	116,784	120,102
Write-offs	-	-	(1,199)	(4)	(3)	-	(1,206)
Reclassification to intangible assets	-	-	-	-	(514)	-	(514)
Reclassification from inventories	-	-	-	-	-	140	140
Disposals	-	-	(5)	-	-	-	(5)
Reclassification between categories	-	2,347	49,526	-	(7,557)	(44,316)	-
Depreciation charge	-	(2,244)	(97,032)	(363)	(5,027)	9	(104,657)
<b>Net book amount at 30 September 2014</b>	<b>1,961</b>	<b>32,824</b>	<b>1,648,597</b>	<b>468</b>	<b>30,605</b>	<b>274,616</b>	<b>1,989,071</b>

Company	Construction in progress					Total
	Land	Buildings	Plant and machinery	Other PP&E	Construction in progress	
<b>Net book amount at 31 December 2012</b>						
Opening net book amount	1,961	33,513	1,773,053	40,660	125,594	1,974,781
Additions	-	-	-	554	79,157	79,711
Write-offs	-	(15)	(4,431)	(2)	-	(4,448)
Reclassification to intangible assets	-	-	-	-	(28)	(28)
Reclassification between categories	-	112	15,164	1,712	(16,988)	-
Depreciation charge	-	(1,574)	(91,743)	(5,033)	-	(98,350)
<b>Net book amount at 30 September 2013</b>	<b>1,961</b>	<b>32,036</b>	<b>1,692,043</b>	<b>37,891</b>	<b>187,735</b>	<b>1,951,666</b>
<b>Net book amount at 31 December 2013</b>						
Opening net book amount	1,961	31,623	1,696,439	39,778	202,407	1,972,208
Additions	-	-	-	2,387	117,111	119,498
Disposals	-	-	(5)	-	-	(5)
Write-offs	-	-	(1,199)	(1)	-	(1,200)
Reclassification to intangible assets	-	-	-	(514)	-	(514)
Reclassification from inventories	-	-	-	-	140	140
Reclassification between categories	-	2,347	49,526	(7,557)	(44,316)	-
Depreciation charge	-	(2,158)	(96,964)	(4,638)	-	(103,760)
<b>Net book amount at 30 September 2014</b>	<b>1,961</b>	<b>31,812</b>	<b>1,647,797</b>	<b>29,455</b>	<b>275,342</b>	<b>1,986,367</b>

Write-offs mainly represent derecognition of replaced part of asset upon its reconstruction.

During the unbundling process that took place in 2010, the Company took over property, plant and equipment from Lietuvos energijos gamyba, AB (former name - Lietuvos Energija AB). The fair value of property, plant and equipment, depending on the type of asset, of Lietuvos energijos gamyba AB as at 31 December 2008 was determined by independent valuers who used either method of comparative prices, or depreciated replacement value, or discounted cash flows methods to determine the fair value of the assets.

Lietuvos energijos gamyba AB revised the carrying amounts of property, plant and equipment when preparing 2009 financial statements. Having assessed the fall in construction cost indices during the 11 months of 2009 of the relevant categories of assets as published by the Lithuanian Statistics Department, Lietuvos energijos gamyba AB reduced the carrying amount of property, plant and equipment. Lietuvos energijos gamyba AB applied a 12.27 per cent statistical index in respect of the category of buildings and a 9.68 per cent index in respect of other categories of property, plant and equipment that at 31 December 2008 were revalued based on the depreciated replacement cost method.

According to the Company's accounting policy, periodical revaluation must be performed at least once in a 5-year period. The Company intends to perform the revaluation of property, plant and equipment by the end of 2014.

## 5. Investments in subsidiaries (for the Company) and investments in associates and jointly controlled entities (for the Company and the Group)

### Investments in subsidiaries in the Company's financial statements

As at 30 September 2014 and 31 December 2013, the Company had direct control over the following subsidiaries:

Subsidiary At 30 September 2014	Investment cost	Ownership interest (%)	Impairment	Carrying amount
UAB „TETAS“	15,042	100	-	15,042
BALTPPOOL UAB	720	67	-	720
UAB Tinklo priežiūros centras	250	100	-	250
<b>Total</b>	<b>16,012</b>		<b>-</b>	<b>16,012</b>

Subsidiary At 31 December 2013	Investment cost	Ownership interest (%)	Impairment	Carrying amount
UAB „TETAS“	15,042	100	-	15,042
BALTPPOOL UAB	452	67	-	452
<b>Total</b>	<b>15,494</b>		<b>-</b>	<b>15,494</b>

Under the implementation of power sector restructuring plan in accordance with the Board of LITGRID decision as of 17 October 2012, LITGRID and LESTO AB (hereinafter - LESTO) concluded a share exchange agreement. In accordance to this agreement, on 7 January 2013 LITGRID transferred its owned shares of Elektros tinklo paslaugos UAB for LTL 8,025 thousand which accounted for 25.03 percent share capital of this company to LESTO and LESTO transferred owned shares of UAB "TETAS", which in turn accounted for 38.87 percent of the share capital, for LTL 6,752 thousand. The difference between the values of exchanged shares equal to LTL 1,273 thousand LESTO paid to the Company.

On 24 February 2014, following the decision of the Board of the Company of 14 February 2014, the Company established an entity Tinklo Priežiūros Centras UAB, the key focus of which is to prepare for installation, management and operation of the links between the power system of the Republic of Lithuania and the power systems of the Republic of Poland and the Kingdom of Sweden, as well as to compile competence and expertise related to management and operation of such international power links.

### Investments in associates and jointly controlled entities in the Company's and the Group's financial statements

Movement in the account of investments in associates and jointly controlled entities is given in the table below:

	Group January-September 2014	Company January-September 2014	Group January-December 2013	Company January-December 2013
Opening balance	15,922	15,320	16,052	16,601
Share of profit/(loss) of associates and jointly controlled entities	103	-	1,151	-
Canceled shares	(9,164)	(9,164)	-	-
Impairment of investments	-	-	(1,281)	(1,281)
<b>Closing balance</b>	<b>6,861</b>	<b>6,156</b>	<b>15,922</b>	<b>15,320</b>

On 17 July 2014, the share capital of UAB Duomenų logistikos centras was decreased in order to repay funds to the shareholders. Prior that decrease of capital the number of shares, owned by the Company amounted to 11,995,748. After cancelling of 9,163,806 shares owned by the Company, 9,163,806 LTL where repaid to the Company on 22 August 2014.

## 6. Time deposit

	Group at 30 September 2014	Company at 30 September 2014	Group at 31 December 2013	Company at 31 December 2013
Time deposit (contract currency the euro), maturity – November 2014	40,000	40,000	-	-
<b>Total</b>	<b>40,000</b>	<b>40,000</b>	<b>-</b>	<b>-</b>

As at 31 December 2013, the Group and the Company had no time deposits.

## 7. Held-to-maturity investments

	<u>Group at 30 September 2014</u>	<u>Company at 30 September 2014</u>	<u>Group at 31 December 2013</u>	<u>Company at 31 December 2013</u>
Swedbank AB bonds in LTL, maturity as of 7 March 2014	-	-	70 000	70 000
Swedbank AB bonds in LTL, maturity as of 22 January 2015	55 000	55 000		
<b>Total</b>	<b><u>55 000</u></b>	<b><u>55 000</u></b>	<b><u>70 000</u></b>	<b><u>70 000</u></b>

## 8. Grants

The balance of grants consists of grants related to the financing of assets acquisition. Movements in grants during nine month period ended 30 September 2014 and 30 September 2013 were as follows:

	<u>Group</u>	<u>Company</u>
<b>Balance at 31 December 2012</b>	<b>304,971</b>	<b>304,971</b>
Grants received	92,144	92,144
Grants receivable	178	178
Recognised as income during the period	(1,281)	(1,281)
<b>Balance at 30 September 2013</b>	<b><u>396,012</u></b>	<b><u>396,012</u></b>
<b>Balance at 31 December 2013</b>	<b>423,955</b>	<b>423,955</b>
Grants received	80,795	80,795
Grants receivable	2,325	2,325
Recognised as income during the period	(2,380)	(2,380)
<b>Balance at 30 September 2014</b>	<b><u>504,695</u></b>	<b><u>504,695</u></b>

Grants received during nine month period ended 30 September 2014 included:

- amounts received from the EU Structural Funds for financing reconstruction of the Company's property, plant and equipment LTL 22,882 thousand (during nine months of 2013: LTL 27,134 thousand);
- funds from International Ignalina Decommissioning Support Fund for the preparation works and implementation of interconnection Lithuania-Poland (LitPolLink) project – LTL 238 thousand (during nine months of 2013:LTL 1,438 thousand);
- funds from public service obligations for the preparation works and implementation of interconnection Lithuania-Sweden (NordBalt) project – LTL 60,000 thousand (2013: LTL 63,750 thousand).

In the statement of comprehensive income for the nine month period ended 30 September 2014, depreciation and amortisation charges were reduced by income of grants of LTL 2,380 thousand (2013:LTL 1,281 thousand).

## 9. Borrowings

Loans of the Group/Company according to the repayment terms were as follows:

	<u>Group at 30 September 2014</u>	<u>Company at 30 September 2014</u>	<u>Group at 31 December 2013</u>	<u>Company at 31 December 2013</u>
<b>Non-current</b>				
Bank borrowings	295,560	295,560	165,044	165,044
<b>Current</b>				
Current portion of long-term loans	28,313	28,313	49,030	49,030
Bank overdraft	38,843	-	7,449	-
<b>Total borrowings</b>	<b><u>362,716</u></b>	<b><u>323,873</u></b>	<b><u>221,523</u></b>	<b><u>214,074</u></b>

Non-current borrowings analysed by maturity:

	<u>Group at 30 September 2014</u>	<u>Company at 30 September 2014</u>	<u>Group at 31 December 2013</u>	<u>Company at 31 December 2013</u>
Between 1 and 2 years	104,275	104,275	104,275	104,275
Between 2 and 5 years	160,900	160,900	22,788	22,788
Over 5 years	30,385	30,385	37,981	37,981
<b>Total</b>	<b><u>295,560</u></b>	<b><u>295,560</u></b>	<b><u>165,044</u></b>	<b><u>165,044</u></b>

On 16 July 2012, the Company's subsidiary Tetas UAB signed an overdraft agreement with SEB Bankas AB. On 30 May 2014, the amendment to this agreement (No. 6) was signed and the credit limit was increased to LTL 10,000 thousand. The agreement expires on 31 January 2015. As of 30 September 2014, the withdrawn amount of the overdraft amounted LTL 8,140 thousand (as of 31 December 2013: LTL 7,449 thousand).

On 10 July 2014, the Company's subsidiary BALTPPOOL UAB signed overdraft agreement with AB DNB bank. In accordance with that agreement LTL 90,000 thousand credit limit is set for BALTPPOOL UAB PSO funds account following agreed variable schedule. The agreement expires on 10 July 2015. As of 30 September 2014, the withdrawn by the BALTPPOOL UAB amount of the overdraft amounted to LTL 30,703 thousand.

On 5 October 2012, the Company signed a loan agreement with Pohjola Bank Plc. The loan amount is EUR 58,000 thousand. As of 30 September 2014, EUR 24,000 thousand were repaid back.

On 7 April 2014, the Company signed a loan agreement with Pohjola Bank Plc. The total loan amount is EUR 40,000 thousand. As of 30 September 2014 all amount was withdrawn.

On 12 September 2013, the Company signed a loan agreement with Nordic Investment Bank. The total amount of the loan is EUR 22,000 thousand. As of 30 September 2014, EUR 2,200 thousand were repaid back.

## 10. Segment information

The Group/Company analyses operations by geographical areas and types of services provided.

The Group has distinguished the following 6 segments:

- electricity transmission;
- trade in balancing/regulating electricity;
- provision of system (capacity reserve) services;
- provision of services under PSO (public service obligation) scheme;
- activities of the market operator;
- repair and maintenance activities.

The electricity transmission segment is engaged in transmitting electricity over high voltage (330-110 kV) networks from producers to users or suppliers not in excess of the limit established in the contract. The main objective of these activities is to ensure a reliable, effective, high quality, transparent and safe electricity transmission to distributions networks, large network users from power stations and neighbouring energy systems.

Trade in balancing/regulating electricity is a service ensuring the balancing of electricity generation/import and demand/export levels.

Provision of system (capacity reserve) services. In order to ensure a reliable work of the system, the Company purchases from electricity producers the service of ensuring capacity reserve for power generation facilities, reaction power and voltage control, breakdown and disorder prevention and its liquidation and provides capacity reserve services to users. The capacity reserve is required in case of unexpected fall in electricity generation volumes or increase in electricity consumption.

The Company's/Group's services provided under PSO scheme comprise as follows:

- development and implementation of strategic projects for the improvement of energy security with the help of interconnections Lithuania-Sweden and Lithuania-Poland, connection of the Lithuanian electric energy system to ENTSO-E continental Europe networks;
- connection of power generation facilities, which use wind, biomass, solar energy or hydroenergy in the process of electricity generation, to transmission networks, optimisation, development and/or reconstruction of transmission networks in relation to acceptance and transmission of electricity from producers that use the renewable energy resources;
- balancing of electricity generated using the renewable energy resources;

Since 2013, the Company's subsidiary BALTPPOOL UAB carries out the activities of PSO fund administrator, natural gas, additional security against the fluctuations in electricity prices in power exchange market and biofuel market operator (until 2013, these activities were carried out by the Company). BALTPPOOL UAB earns revenue mainly for PSO fund administration.

Repair and maintenance services are carried out by the Company's subsidiary TETAS UAB. These services include reconstruction, repair and technical maintenance of medium voltage transformer substations and distribution stations.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
 FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014  
 (All amounts in LTL thousands unless otherwise stated)

The Group's information on segments for the nine month period ended 30 September 2014 is presented in the table below:

2014	Operating segments							Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator/ PSO fund administrator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	174,213	56,491	31,267	7,737	518	56,828	-	327,054
Inter-segment revenue	-	-	-	-	-	(4,793)	(21,609)	(26,402)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>174,213</b>	<b>56,491</b>	<b>31,267</b>	<b>7,737</b>	<b>518</b>	<b>52,035</b>	<b>(21,609)</b>	<b>300,652</b>
<b>*Operating profit (loss)</b>	<b>(18,079)</b>	<b>13,945</b>	<b>(7,144)</b>	<b>-</b>	<b>(542)</b>	<b>(1,165)</b>	<b>(318)</b>	<b>(13,303)</b>
<b>Finance income (costs), net</b>	<b>(1,103)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>(136)</b>	<b>-</b>	<b>(1,234)</b>
Share of result of associates and jointly controlled entities	103	-	-	-	-	-	-	103
<b>Profit (loss) before income tax</b>	<b>(19,079)</b>	<b>13,945</b>	<b>(7,144)</b>	<b>-</b>	<b>(537)</b>	<b>(1,301)</b>	<b>(318)</b>	<b>(14,434)</b>
<b>*Income tax</b>	<b>248</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29)</b>	<b>-</b>	<b>219</b>
<b>Net profit (loss) for the year</b>	<b>(18,831)</b>	<b>13,945</b>	<b>(7,144)</b>	<b>-</b>	<b>(537)</b>	<b>(1,330)</b>	<b>(318)</b>	<b>(14,215)</b>
Depreciation and amortisation expense	101,794	-	-	-	92	920	(9)	102,797
Write-off of property, plant and equipment	1,119	-	-	-	-	-	-	1,119

\*Income tax is not allocated between Company's operating segments and is attributed to electricity transmission activity.

The Group's information on segments for the nine month period ended 30 September 2013 is presented in the table below:

2013	Operating segments							Total
	Electricity transmission	Trade in balancing/regulating electricity	Provision of capacity reserve services	Provision of services under PSO scheme	Activities of market operator/ PSO fund administrator	Repair and maintenance activities	Other inter-segment eliminations	
Revenue	185,690	125,826	69,899	7,599	534	55,284	-	444,832
Inter-segment revenue	-	-	-	-	(58)	(6,349)	(18,384)	(24,791)
<b>Revenue after elimination of intercompany revenue within the Group</b>	<b>185,690</b>	<b>125,826</b>	<b>69,899</b>	<b>7,599</b>	<b>476</b>	<b>48,935</b>	<b>(18,384)</b>	<b>420,041</b>
<b>Operating profit (loss)</b>	<b>(7,343)</b>	<b>18,843</b>	<b>21,291</b>	<b>-</b>	<b>(573)</b>	<b>(1,318)</b>	<b>541</b>	<b>31,441</b>
<b>Finance income (costs), net</b>	<b>2,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(88)</b>	<b>-</b>	<b>2,435</b>
Share of result of associates and jointly controlled entities	616	-	-	-	-	-	-	616
<b>Profit (loss) before income tax</b>	<b>(4,207)</b>	<b>18,843</b>	<b>21,291</b>	<b>-</b>	<b>(570)</b>	<b>(1,406)</b>	<b>541</b>	<b>34,492</b>
<b>*Income tax</b>	<b>(5,414)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>169</b>	<b>-</b>	<b>(5,243)</b>
<b>Net profit (loss) for the year</b>	<b>(9,621)</b>	<b>18,843</b>	<b>21,291</b>	<b>-</b>	<b>(568)</b>	<b>(1,237)</b>	<b>541</b>	<b>29,249</b>
Depreciation and amortisation expense	97,341	-	-	-	86	988	(8)	98,407
Write-off of property, plant and equipment	4,149	-	-	-	-	-	-	4,149

\*Income tax is not allocated between Company's operating segments and is attributed to electricity transmission activity.

The Group operates in Lithuania and its revenue generated from customers in Lithuania accounts for 99% of total revenue.

The Company sells regulating electricity to transmission system operators in Latvia and Estonia and provides the electricity transit service to the Russian transmission system operator.

In 2014 and 2013, the Group's and the Company's revenue by geographical location of customers:

Country	Group	Company	Group	Company
	January-September 2014	January-September 2014	January-September 2013	January-September 2013
Lithuania	297,201	266,257	411,302	380,371
Russia	824	824	1,628	1,628
Estonia	1,463	1,463	1,021	1,021
Latvia	1,565	1,565	6,063	6,063
Norway	2	2	-	-
Great Britain	-	-	27	27
<b>Total</b>	<b>301,055</b>	<b>270,111</b>	<b>420,041</b>	<b>389,110</b>

All assets of the Group and the Company are located in Lithuania.

## 11. Related-party transactions

The Company's/Group's related parties in 2014 and 2013 were as follows:

- EPSO-G (the parent of the Company). EPSO-G is a wholly-owned by the Ministry of Energy of the Republic of Lithuania;
- Subsidiaries of the Company;
- Associates and jointly controlled entities of the Company;
- Management of the Company.

The Ministry of Energy of the Republic of Lithuania is the ultimate shareholder of the Company. The Group/Company does not treat state-owned companies as a single client as such companies do not pertain a considerable economic integration. The transactions with state-owned companies LESTO AB and Lietuvos energijos gamyba AB are regulated by legal acts.

### Sales of goods and services

Related parties	Group January- September 2014	Company January- September 2014	Group January- September 2013	Company January- September 2013
Subsidiaries	-	70,160	-	74,969
Associates	3,705	3,705	4,617	4,603
	<u>3,705</u>	<u>73,865</u>	<u>4,617</u>	<u>79,572</u>

### Purchases of goods and services

Related parties	Group January- September 2014	Company January- September 2014	Group January- September 2013	Company January- September 2013
Subsidiaries	-	74,643	-	96,696
Associates	979	979	10,650	10,259
	<u>979</u>	<u>75,622</u>	<u>10,650</u>	<u>106,955</u>

### Amounts receivable from related parties

Related parties	Group at 30 September 2014	Company at 30 September 2014	Group at 31 December 2013	Company at 31 December 2013
Subsidiaries	-	7,939	-	9,245
Associates	1,354	1,354	616	616
	<u>1,354</u>	<u>9,293</u>	<u>616</u>	<u>9,861</u>

### Amounts payable to related parties

Related parties	Group at 30 September 2014	Company at 30 September 2014	Group at 31 December 2013	Company at 31 December 2013
Subsidiaries	-	18,713	-	17,477
The Group's parent company (UAB EPSO-G)	-	-	12	12
Associates	67	67	2,533	2,405
	<u>67</u>	<u>18,780</u>	<u>2,545</u>	<u>19,894</u>

### Payments to key management personnel

	Group January- September 2014	Company January- September 2014	Group January- September 2013	Company January- September 2013
Employment-related payments, whereof:	1,581	893	2,192	1,514
- Termination benefits	-	-	258	258
Average number of the key management personnel	14	6	17	9

Key management of the Company consists of head of administration, members of the board and the chief financier. Key management of subsidiaries consists of heads of administration, directors of departments, and chief financiers.



## 12. Basic and diluted earnings per share

In 2014 and 2013, basic and diluted earnings per share were as follows:

	January-September 2014	January-September 2013
Net profit (loss) attributable to the Company's shareholders (thousand LTL)	(14,038)	29,449
Weighted average number of shares (units)	504,331,380	504,331,380
<b>Basic and diluted earnings per share (in LTL)</b>	<b>-0.028</b>	<b>0.058</b>

## 13. Contingent liabilities

### Litigations

Civil case based on a claim filed by the Company against A. Blyskys, B. Černauskienė and A. Černauskas ("the Defendants") and AB SEB Bankas regarding the establishment of a servitude necessary for the construction and maintenance of the 330 kV Klaipėda-Telšiai overhead electricity transmission line. Disagreeing with the amount of compensation proposed for the establishment of the servitude by LITGRID AB, which was calculated according to the procedure established by the law, the Defendants filed a counterclaim against the Company, requesting the award of LTL 700,000 in damages for the establishment of servitude. The case was heard by a court of first instance. The Company was ordered to pay the land owners LTL 650,548. Disagreeing with the decision of the court, the Company filed an appeal. The hearing of the Court of Appeal of Lithuania took place on 18 July 2014. The court of appeal repealed the decision of the court of first instance whereby by the above-mentioned amount was awarded to the land owners from the Company. The land owners filed a cassation appeal. In 2013 the Company made a provision of LTL 650,548 for the potential award of damages, which was booked under other accounts payable, and increased the value of construction in progress accordingly.

Civil case based on a claim filed by the Company against ACHEMA AB for the recovery of a debt and interest thereon. The Company filed a lawsuit against ACHEMA AB for the recovery of debt in the amount of LTL 2,271,108.65 as well as interest in the amount of LTL 20,918.25 under an agreement on the electricity transmission service ("the Agreement") concluded by and between the Company and ACHEMA AB for the public interest service (PSO) fee for the period from April to June 2011. This case was suspended by decision of the Kaunas Regional Court of 14 June 2012 until a judgment is given in another civil case based on ACHEMA AB's claim for the invalidation of those provisions of the Agreement, on which the Company's claims are partially based, and for the application of restitution (i. e. for the award of payment of LTL 3,071,678.40 LTL as PSO fee paid for January-March 2011). Consideration of the civil case based on ACHEMA AB's claim for the invalidation of the Agreement and the restitution has also been suspended on 27 February 2013 until a final decision is given in a pending administrative case at the Supreme Administrative Court of Lithuania (SACL) concerning a complaint (application) filed by a group of Members of the Seimas (Parliament) of the Republic of Lithuania on 2 March 2011 regarding the contradiction between certain regulations and the Law on Electricity ("the Seimas Claim Case"). By a decision given on 30 January 2012, the aforementioned Seimas Claim Case had also been suspended, however, after the Constitutional Court terminated, by its decision of 7 October 2014, the proceedings based on a complaint concerning the contradiction between Article 2(41) of the Law on Electricity and the Constitution filed by a group of 33 Members of the Seimas, the administrative case has been renewed (no specific date of hearing has been set as yet). As of 30 September 2014, ACHEMA AB's overdue debt amounted to LTL 10,247,000. The outcome of the case will have no impact on long-term financial results of the Company or the Group, since the Company acts as an agent and the PSO fees are only carried in the accounts receivable/payable.

Administrative case based on a claim filed by ACHEMA AB for against the State for indemnification for damages caused by unlawful actions of state institutions (the Company participates in the proceedings as a third party). ACHEMA AB claims that state institutions, acting unlawfully and exceeding the scope of their competence, adopted the Law on Electricity, which contradicts the Constitution and the European Union's legal acts, and regulations, which contradict the primary legislation. As a result of the alleged unlawful actions of state authorities, ACHEMA AB claims to have incurred a damage amounting to LTL 3,127,402.11. By its decision given on 7 December 2011, the Vilnius Regional Administrative Court suspended this administrative case until a final decision is given in the Seimas Claim Case, which, as it has already been mentioned, has been suspended until a decision is adopted by the Constitutional Court. The outcome of the case will have no impact on net profit (loss) of the Company as the Company acts as a third party in the case. Furthermore, the Company acts in the capacity of an agent in the collection and distribution of PSO funds and carries the PSO funds in the accounts receivable/payable.

Civil case based on a claim filed by the Company against ACHEMA AB regarding the payment of debt and interest for January 2013 as well as the obligation to conclude an agreement on the PSO fee collection. The Company has made a claim to ACHEMA AB for LTL 1,304,306.51 for the outstanding PSO fees for January 2013, including interest. The case has been suspended by decision of the Kaunas Regional Court of 29 November 2013 (effective date 20 February 2014) until the decision of the Vilnius Regional Administrative Court in administrative case No I-2498-365/2013 concerning Resolution of the Commission on the establishment of PSO fees and prices for 2013 is given and takes effect and also until the completion of consideration, by the Constitutional Court, of an application filed by a group of the Seimas Members for the investigation into whether individual provisions of the Law on Electricity are consistent with the Constitution. It should be noted that since 2013, the Company has been performing the function of PSO fee collection only. According to the agreement with Baltpool UAB, a PSO fee administrator and one of the Group's companies, if the Company's customers do not pay PSO fees for three months in succession, the Company has the right to reduce the fee amounts transferred to Baltpool UAB (which acts in the capacity of an agent and only records PSO fees in the accounts receivable/payable) in the amount which the Company has not collected from its customers. In view of the foregoing, the decision of the court, regardless of whether it is in favour of the Company or not, will not have any impact on the net profit (loss) of the Group/Company. The outcome of the case depends, first of all, on the decision/decisions of the Constitutional Court on the compliance of the provisions of the PSO Provision Procedures with the Constitution, as a result of which the aforementioned administrative case will be renewed.

Civil case based on a claim filed by the Company against LIFOSA AB regarding the payment of debt and interest for January 2013 and the obligation to conclude a PSO fee collection agreement. The Company made a claim to LIFOSA AB in the amount of LTL 362,517.60 for the outstanding PSO fees for January 2013 including interest. The case has currently been suspended until the decision of the Vilnius Regional Administrative Court in administrative case No I-2075-365/2013 based on LIFOSA AB'S claim concerning Resolution of the Commission on the establishment of PSO fees and prices for 2013 is given and takes effect and also until the completion of consideration, by the Constitutional Court, of an application filed by a group of the Seimas Members for the investigation into whether individual provisions of the Law on Electricity are consistent with the Constitution. The decision of the court, regardless of whether it is in favour of the Company or not, will not have any impact on the net profit (loss) of the Group/Company. The possible outcome of the case depends, first of all, on the decision/decisions of the Constitutional Court on the compliance of the provisions of the PSO Provision Procedures with the Constitution, as a result of which the aforementioned administrative case will be renewed.

Civil case based on a claim filed by the Company against ORLEN LIETUVA AB concerning the payment of debt and interest for January 2013 and the obligation to conclude a PSO fee collection agreement. The Company made a claim to ORLEN LIETUVA AB in the amount of LTL 366,856.42 for the outstanding PSO fees for January 2013 including interest. By decision of the Šiauliai Regional Court given on 12 February 2014, the case has been suspended until the decision of the Vilnius Regional Administrative Court in the pending administrative case No I-2267-426/2013 based on ORLEN LIETUVA AB's claim concerning Resolution of the Commission on the establishment of PSO fees and prices for 2013 is passed and takes effect, and also until the request of the Vilnius Regional Administrative Court to investigate compliance of the PSO supply procedure description with the provisions of the Constitution and an application filed by a group of the Seimas Members for the investigation into whether individual provisions of the Law on Electricity are consistent with the Constitution are considered by the Constitutional Court. The decision of the court, regardless of whether it is in favour of the Company or not, will not have any impact on the net profit (loss) of the Group/Company. The outcome of the case depends, first of all, on the decision/decisions of the Constitutional Court on the compliance of the provisions of the PSO Provision Procedures with the Constitution, as a result of which the aforementioned administrative case will be renewed.

Civil case based on a claim filed by A. Žilinskio ir Ko UAB concerning invalidation of a set-off of a counterclaim amount, payment for contractual works, and interest on late payment. According to Contract of 2 July 2010, A. Žilinskio ir Ko UAB was under an obligation to carry out construction of the 110 kV Nemunas-Murava cable line by 18 November 2011; however, the works were completed as late as 30 January 2013. LITGRID AB charged penalty of LTL 880,187.45 for the delay and deducted it from the amount payable to the contractor by way of a set-off, recognising an income of LTL 880,187.45 in its accounts in 2012 (after new circumstances came to light, later the amount was reduced to LTL 861,738.84, upon repayment of LTL 18,448.61 to the contractor). The contractor filed an appeal to the Vilnius Regional Court requesting invalidation of the set-off, repayment of the amount that had been deducted as a penalty, and interest on late payment. On 16 October 2013 the claim made by claimant A. Žilinskio ir Ko UAB was rejected in full by decision of the court. On 14 November 2013 the contractor filed an appeal against the court decision to the Court of Appeal of Lithuania. On 30 June 2014 the Court of Appeal of Lithuania ruled that only LTL 50,000 was substantiated as a penalty when the Company made the set-off and awarded payment of the remaining amount, interest on late payment, 6% interest p. a. starting from the moment of institution of the proceedings, and litigation costs for the benefit of the contractor, Energetikos Tinklų Institutas UAB as a third party, and the State. LITGRID AB has appealed against this decision to the court of cassation. The Company has made a provision for the potential refund of the penalties and interest on late payment.

A case pending at the Vilnius Regional Administrative Court concerning the reversal of Resolution 'Concerning changing of the period of regulation of the upper limit for the price of the service of electricity transmission over high-voltage grids provided by LITGRID AB' No O3-817 passed by the Commission on 30 September 2014 and the Commission's Resolution No O3-822 'Concerning recalculation of the upper limit for the price of the service of electricity transmission over high-voltage grids provided by LITGRID AB for 2015' of 30 September 2014, whereby the pricing of LITGRID AB's electricity transmission services are regulated. By its resolution of 30 September 2014 No O3-817, the Commission has decided to extend the period of regulation of LITGRID AB's electricity transmission services in 2015. After this Resolution took effect, the current electricity transmission service regulation period covers 2011 – 2015 and the Commission's Resolution No O3-822 has set an upper price limit of 1.858 cents/kWh for the electricity transmission service provided by LITGRID AB. The Company does not agree with the upper limit for the electricity transmission service set by the Commission for 2015, therefore, on 24 October 2014 it has filed an appeal to the Vilnius Regional Administrative Court requesting that the abovementioned resolutions of the Commission should be reversed. Along with the appeal, LITGRID AB has applied for the application of a provisional injunction and the suspension of the validity of the Commission's resolutions. The Vilnius Regional Administrative Court accepted the appeal on 30 October 2014 but did not apply the provisional injunction. On 6 November 2014, LITGRID AB submitted a separate appeal concerning the part of the court decision whereby application of the provisional injunction was refused. The hearings have not yet been scheduled for the appeal of 30 October 2014 and for the separate appeal of 6 November 2014. The Commission's resolutions being appealed against have a negative impact on LITGRID AB's operations as the extension of the regulation period instead of setting it anew has not taken account of the indispensable regulated operating costs of LITGRID AB in 2015: in the Company's view, the difference (lost income) can be up to LTL 17 million. In addition, the Commission's failure to set a new regulation period, the rate of return on investments (or the weighted average cost of capital, WACC) determined and published by the Commission for 2015 is not applied, and this rate is higher than the rate applied to the current regulation period, as a result of which the difference would amount to LTL 5 million; upon starting the application of the provisions of 'Description of the Principles for the Setting of State-Regulated Prices in the Electricity Sector' approved by Resolution of the Government of the Republic of Lithuania No 1026 of 24 September 2014, the difference would be increased by approx. LTL 12 million due to the value of the assets on which WACC is calculated. Considering the evidence collected in the case and the legal argumentation on which LITGRID AB's claim is based, it is difficult to forecast the outcome of the case, it can be favourable or unfavourable to the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR A NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2014  
(All amounts in LTL thousands unless otherwise stated)

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A case concerning the debt of Dirbtinis Pluoštas UAB, a grid user, for the electricity transmission services and PSO, pending at the Vilnius Local Court. On 16 May 2014, the Vilnius Local Court gave a decision whereby an agreement by and between LITGRID AB and Dirbtinis Pluoštas UAB on repayment of the debt for the electricity transmission services and PSO in instalments was approved. Under this agreement Dirbtinis Pluoštas UAB undertook to repay to LITGRID AB LTL 888,002.18 in equal monthly instalments of LTL 111,000.27 within eight months from March 2014 until October 2014, with the payment to be made on a business day which is one before last business day of the month. Dirbtinis Pluoštas UAB has failed to discharge its obligations, therefore, on 19 September 2014 LITGRID AB applied to the Vilnius Local Court requesting the issue of a writ for a part of the debt, i. e. LTL 555,001.35. Dirbtinis Pluoštas UAB does not agree with this demand, therefore, the court has decided to consider LITGRID AB's application by way of oral procedure at a hearing to be held on 8 December 2014. Considering the evidence collected in the case and the legal argumentation on which LITGRID AB's demands are based, it is probable that the outcome of the case will be favourable to the Company.

Civil cases instituted on the basis of the claims filed by LITGRID AB against balancing energy suppliers for the recovery of debts for the balancing energy supplied to them:

- On 28 January 2014, the Vilnius Regional Court decided to institute bankruptcy proceedings against ECO Energy Systems UAB; LITGRID AB filed its creditor claim to the receiver in bankruptcy appointed by the court for the amount of LTL 2,706,779.07. The court approved the creditor's claim.

- On 10 December 2013, LITGRID AB filed a claim to the Vilnius Court of Commercial Arbitration concerning the balancing energy sale and purchase agreement between LITGRID AB and Elektra Visiems UAB, the claim amount totalling LTL 7,754,569.26. On 6 March 2014 the Court of Appeal of Lithuania satisfied LITGRID AB's separate complaint and ordered the application of provisional injunction to ensure execution of the award, i. e. seizure of Elektra Visiems UAB's assets in the amount of LTL 3,462,372.25, permitting to make payments specified in the award. The Vilnius Court of Commercial Arbitration satisfied LITGRID AB's claim in full and awarded LTL 11,587,206.85 as the principal debt amount, LTL 233,822.65 as penalty, 6 % interest p. a. on the awarded amount, LTL 125,108.86 as arbitration fees, and LTL 20,175.21 as litigation costs. On 25 August 2014, Elektra Visiems UAB filed an appeal against the award of the Vilnius Court of Commercial Arbitration to the Court of Appeal of Lithuania, as a result of which the Court of Appeal of Lithuania suspended, by its decision of 15 September 2014 (in civil case No 2A-1559/2014), the execution of the award of the Vilnius Court of Commercial Arbitration of 25 July 2014 until the Court of Appeal of Lithuania completes the consideration of civil case No 2A-1559/2014 based on the claim of Elektra Visiems UAB for the reversal of the award rendered by the Vilnius Court of Commercial Arbitration of 25 July 2014 in arbitration case No 287 (at present no hearing has been scheduled as yet). Furthermore, upon analysis of the data submitted by a bailiff in relation to the execution of the provisional injunction ordered by the court in respect of Elektra Visiems UAB, an application has been filed to the Court of Appeal of Lithuania for the alteration of the provisional measures and appointment of a receiver. In addition, information has been received to the effect that the Vilnius Regional Court has received from a natural person an application for institution of bankruptcy proceedings to Elektra Visiems UAB, and the Company has applied to the Vilnius Regional Court for the inclusion of the Company in the proceedings as a third party and for the appointment of a receiver in bankruptcy (by resolution of a judge of the Vilnius Regional Court passed on 22 October 2014, the Company has been included in the proceedings as a third party).

- On 20 December 2013, LITGRID AB filed a claim to the Vilnius Court of Commercial Arbitration concerning the balancing energy sale and purchase agreement between LITGRID AB and Sky Energy Group UAB (at present: Saurama UAB), the claim amount totalling LTL 14,348,302.54. On 30 December 2013, the Vilnius Regional Court satisfied LITGRID AB's request and ordered seizure of Sky Energy Group UAB's assets for the amount stated in the claim (on 2 July 2014, the same court ruled to reduce the scope of the provisional injunction to LTL 12,508,602.54), permitting to make payments provided for in the ruling. On 3 September 3, the Vilnius Court of Commercial Arbitration satisfied LITGRID AB's claim and awarded, against Saurama as a defendant, payment of LTL 12,300,000 as debt, LTL 112,736.76 as procedural interest, and LTL 39,646.82 as litigation costs; however, the defendant filed an appeal to the Court of Appeal of Lithuania for the reversal of the arbitration award, as a result of which the Court of Appeal of Lithuania suspended, by its decision of 16 September 2014 in civil case No 2A-1610/2014 the execution of the award of the Vilnius Court of Commercial Arbitration of 3 September 2014 in arbitration case No 291, until the Court of Appeal of Lithuania gives a final procedural decision in the civil case based on defendant's Saurama UAB appeal against the award of the Vilnius Court of Commercial Arbitration of 3 September in arbitration case No 291 (the hearing has not been scheduled as yet). At the Company's request, the Court of Appeal altered, in part, the provisional injunction applied by decision of the Vilnius Regional Court, establishing that the maximum gross pay that can be paid to employees out of the seized funds is LTL 2,355 per employee. Furthermore, an application for an appointment of an asset administrator for Saurama UAB has been filed.

The Company has made a provision of LTL 21,163,655.94 for doubtful debts related to the above-mentioned amounts receivable from the balancing energy suppliers.

Civil case based on a claim filed against LITGRID AB by Energijos Kodas UAB for the award of LTL 5,621,835 in damages and a claim filed by a group of other independent energy suppliers concerning potential losses incurred by them due to LITGRID AB's agreement with the Latvian and Estonian electricity transmission system operators, which has allegedly caused a rise in wholesale electricity prices in the market. Energijos Kodas UAB and the group of other independent energy suppliers claim that they incurred losses due to the unlawful agreement (violating the competition law) between LITGRID AB and the Latvian and Estonian electricity transmission system operators. In their opinion, this agreement has led to a restriction of competition in the wholesale energy supply market, resulting in an increase in wholesale electricity prices. Despite the increase in wholesale electricity prices, Energijos Kodas UAB and the other independent energy suppliers that had filed the claim purchased electricity at market prices but supplied it to end-users at lower, fixed prices. Energijos Kodas UAB claims that it incurred losses of LTL 5,621,835 due to this price difference and has filed a claim for indemnification thereof. LITGRID AB does not agree with the claim and the argumentation set out therein. At present pleadings are being filed in the case. No hearing date has been set as yet. The independent energy suppliers that submitted claims against LITGRID AB also assert that they have incurred losses and intend to file lawsuits for indemnification. In reply to these claims, LITGRID AB informed the independent suppliers that it does not agree with the claims

and the argumentation regarding the alleged losses. In the opinion of the Company's management, upon evaluating the entirety of circumstances and facts, these claims are not substantiated and the demands that have been made are not based on substantial evidence and arguments; furthermore, it is objectively impossible to determine the exact total amount of claims that may emerge due to this contingency. This has been confirmed by the results of the investigation carried out by the Commission. Therefore, no provisions were made in these financial statements for this contingency.

On 6 March 2014, the Company received a detailed claim from ABB AB concerning additional payment for increased shunt reactor capacity under the contract of 15 February 2013 No. SUT-40-13 for the design and construction of the Alytus HVDC back-to-back converter with a 400kV switchyard (these works form one of the stages in the implementation of LitPol Link with Poland). According to ABB, such increase in the shunt reactor capacity had not been provided for in the contract, therefore, according to ABB AB's calculations, LITGRID AB should pay additionally LTL 3,005,000 (EUR 870,000) for the work. In the opinion of LITGRID AB, the claim is ungrounded as the required capacity increase was within the scope of the contract and the contractor had to take this into account during the procurement procedures. Hence, the Company will contest the claim made by ABB AB, therefore, no provisions were made in these financial statements for this contingency.

#### **14. Significant events after the balance sheet date**

There were no significant events after the balance sheet date in the Group/Company.

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